



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

FOR PROTECTION OF THE ASSURED WHEN THE LIFE ASSURED PROCEEDS BEYOND LIMITS WITHOUT HIS KNOWLEDGE.

It is hereby agreed that, should the within-named.....go, without licence, beyond the limits prescribed by this policy, this assurance shall, nevertheless, remain in full force and effect, provided the assured or his representatives shall, within fourteen days of such event coming to his knowledge, pay the additional premium usually required for the risk incurred.

FOR TRANSFER OF A POLICY FROM ONE COMPANY TO ANOTHER.

In consideration of the within-named.....agreeing to the transfer of this policy to the.....Insurance Company, to pay to that Company all future premiums as they become due, and to observe and perform all the stipulations contained therein on his part, we do hereby agree to observe and perform all the stipulations contained therein on the part of the.....Company.

Before the reduction took place in the rate of duty charged by the Government on life policies, it was very generally the practice, amongst Offices effecting reassurances, to accept, instead of the usual policy, an endorsement on a copy of the original one. Since the reduction, however, the practice has, we believe, been for the most part abandoned, and policies are now almost universally issued whether the assurance be made on behalf of an individual or of a Company. The endorsement system was attended with certain advantages—amongst others with that of establishing a complete identity in the risk to which each Company was liable. The same thing, however, is now pretty well effected by merely referring in the declaration to the papers connected with the original proposition, no fresh matter being introduced; and the two contracts are thus made to stand upon very nearly the like footing, whilst a proper uniformity is, at the same time, preserved in official practice.

On the Progress of Fire Insurance in Great Britain, as compared with other Countries. By SAMUEL BROWN, F.S.S.

(Concluded from p. 349, vol. vii.)

X.—*Fire Insurance in America.*

THE returns of the various Insurance Companies are published in some of the United States, so that if all the facts were fully stated as required, a fair estimate could be formed of the extension of the business of the Companies from year to year, with their premiums, capital, reserve, &c. Those of the commonwealth of

Massachusetts are given agreeably to the requirements of Acts passed in 1837 and 1842. In 1850, the requirement of returns from the mutual Fire Insurance Companies was repealed by an Act of May 3rd in that year.

In 14 out of 18 Companies in Boston, the returns on 1st December, 1850, showed at risk against fire—

	1st December, 1850. Sums Insured.	1851.
	£	£
And in four (out of 12) Offices out of Boston . . .	12,275,350 513,505	(14) 12,150,619 (5) 1,599,205
	<hr/>	<hr/>
In two mutual Companies	12,788,655 1,506,972	13,749,824 (4) 2,004,615
	<hr/>	<hr/>
Total . . .	14,295,627	15,754,439

The above appear to be only the insurances remaining in force at the end of the year, and not to include the current risks of the year; and the premiums and losses are not sufficiently definite to allow of comparison. But other returns show, that in the two mutual Companies, of which the amount of risk at the end of the year was £1,506,972, the new business of the year was £2,598,449, the premiums on which were £7,810, being an average of 3s. or 6s. per cent., and the losses about 50 per cent. on the premium.

In 1851, the amount insured in the share Offices had increased from £12,788,655 to £13,749,824. From the amount insured in the year in four Companies, £3,683,079, the premiums on which were £10,858, the average rate would seem to be almost exactly the same as last year.

In the State of New York, the returns made by the Comptroller of the State for the year 1851, the amount of assurances are stated in 30 Companies to be £48,954,660—four Companies not giving the return. The premiums for the year are only stated for 18 Companies, and amount to £195,814; and the losses for 33 Companies (one only being deficient) at a total of £243,339. But some of the premiums include interest and income, and many of the statements of losses include expenses of carrying on the Companies, so that no satisfactory percentage of either can be deduced from these items.

From the *United States Insurance Gazette* for January last, it appears that in the year 1855 there were in the State of New York 69 Joint-stock Fire Insurance Companies, with an aggregate cash capital of about £2,770,400; and the following shows a comparison

of the two years 1854 and 1855, including mutual Companies, and Companies of other States doing business in the State of New York :

	Sums at Risk.	Premiums.	Losses Paid.
1854	£ 152,389,283	£ 1,366,328	£ ..
1855	101,380,596	1,377,688	568,159

The business appears to have diminished during the past year, owing, it is said, to the want of confidence arising from the failure of some Companies, and the investigation to which others had been legally subjected by the Government officers appointed for that purpose.

XI.—*General Summary.*

With the exception of Great Britain and France, the preceding returns must be very defective ; they indicate a large amount of property insured against fire, and in some degree illustrate the progress of the business ; but in each of the countries named, a vast amount carried on by Government, or by local Companies, must have escaped notice. It will be interesting, however, to bring all the returns I have actually given down to the close of last year, by approximating, as near as possible, by estimates made at the rate of progress last observed. (See Table, next page.)

From this rough approximation it appears, that the total of the amount of fire insurances in the countries, or in the Offices referred to in the preceding pages, and estimated to the present date, amounts to the large sum of 4,482½ millions sterling, though it is evident that it by no means gives an adequate view of the total amount of property insured against fire in Europe and America. A vast amount, protected by Governments or private Associations, must still have escaped notice. The annual premiums on the whole amount may be not far short of £8,200,000, and the losses per annum about £4,773,000.

XII.—*Fire Insurance Duty in Great Britain.*

The statements which have been given above, relative to fire insurances in foreign countries, are no doubt very defective, because the returns from the Companies are not required on any uniform plan, and a large amount is probably insured in private Associations of which no account is taken. The percentage duty in Great Britain, however, allows of a much nearer approximation being made to the actual amount of insurance in this country, exclusive

	Sums Insured against Fire, estimated at the end of 1856.		Premiums, estimated as nearly as possible from previous Averages.	Losses estimated.
	£	£		
<i>Great Britain</i> (deduced from the duty)	927,000,000		..	..
Farming stock exempt	70,000,000		..	..
Foreign and colonial business, about	125,000,000	1,122,000,000	1,953,000	976,500
<i>France</i> , proprietary Companies	1,320,000,000			
Mutual Companies	480,000,000	1,800,000,000	1,566,000	774,000
<i>Germany</i> , including Austria (assuming the rate of increase for the last three years to be the same as in 1853)	700,000,000		1,624,000	812,000
Government insurancees and foreign Insurance Companies, &c., about	450,000,000		1,125,000	1,125,000
(Premium tax about 250 per cent.)		1,150,000,000		
<i>Belgium</i> , ten Companies (assume increase 2 per cent. per annum since 1850) .....	..	138,000,000	144,900	63,500
<i>Sweden</i> , four Companies (at same rate of increase as 1845 to 1850; premiums at double the losses) .....	..	11,800,000	53,100	26,500
<i>Denmark</i> , Government insurance (assume increase at 2 per cent. per annum since 1844, premiums being a tax = losses)	29,000,000		54,300	54,300
Company at Copenhagen	3,800,000		16,700	4,400
Another Company (premium and losses doubtful, assumed at about half the preceding)	6,900,000	39,700,000	15,000	4,100
<i>Russia</i> , Company at St. Petersburg (sum insured not given; but, in 1852, the accounts state the police tax due as £21,648, which, if for a year, would give about £29,000,000 insured in 1852) say .....	..	30,000,000	140,000	52,000
<i>Poland</i> , Government insurance of buildings (premium taxes = losses) .....	..	16,000,000	86,000	86,000
<i>America</i> , Boston Offices (assuming same rate of increase as in 1851)	23,000,000		69,000	34,500
New York Offices (business fell off in 1855, assumed same as in 1854)	152,000,000	175,000,000	1,370,000	760,000
	Total	4,482,500,000	8,217,000	4,772,800

of what may be effected by British Companies abroad. But this tax has, almost since it was first levied, met with reprobation as a tax on prudence, a heavy discouragement to the extension of the business; and even if it could be admitted to be just and moral to tax the exercise of prudence more heavily than self-indulgence, it is so disproportioned to the average taxation on other objects, that general surprise has been excited at the defence of it by the Chancellor of the Exchequer, and by Mr. Coode's report, from which his arguments were drawn. Even so far back as 1806, Sir Frederick Eden, in his valuable little work, *On the policy and expediency of granting Insurance Charters*, denounces the heavy burden which it imposed on the business of fire insurance, when the tax was only 2s. 6d. per cent. on the sum insured, pointing out that, at the ordinary premium for brick buildings (2s. per cent.), the tax was even then 125 per cent. on the value of the risk. Tobacco, sugar, and wine, he adds, are among the few articles which can vie with insurance in contributing so largely to the revenue, in proportion to their value, and none possess the further excellence of being paid into the revenue at the expense of only 5 per cent. of their gross produce. In 1815, when the war taxation began to be gradually diminished on articles even of needless luxury, this tax was increased by 20 per cent., being raised in that year from 2s. 6d. to 3s. per cent., and notwithstanding the feeling of the public, strongly expressed on many occasions, appeals to the finance minister, petitions from Insurance Offices, merchants, bankers, and many other classes interested in its removal, it continues to be a heavy clog on the progress of insurance; and, from the recent declaration in the House of Commons, threatens to be maintained perpetually at its present high rate, unless the public will stir themselves for its reduction, even if deterred by the necessities of the state from advocating its entire removal.

As it is evident that the defence of the Government rests mainly on Mr. Coode's report, we shall be better able to consider the bearings of the question by examining and replying to some of his principal statements and arguments.

Mr. Coode contends that the duty is light, because it bears a very small proportion to the value of the property insured; that in ordinary cases, where the property is fully insured, it does not exceed 1 to 667 of the value, and that even this would give a very exaggerated notion of the actual burden, because no house is wholly indestructible, and that by constant improvement in the construction, by increase of party walls, &c., the amount of incombustible ma-

terials is constantly increasing. He considers that the practice of insuring one third to two thirds of appraised value, effectually covers the risk incurred; and the tax consequently diminishes from 1 in 1,000 to 1 in 2,000, in proportion as two thirds, one half, or one third of the value is insured. But it must be observed, that though a portion of the property may be incombustible, it does not follow that it must be uninsurable; for even iron and stone may be so injured by the effects of fire as to be practically useless for the reconstruction of a building; and the duty would probably fall on a considerable part of the value now uninsured, if the amount of it were not so oppressive as to force the owner to be his own insurer. But even if this were not the case, the question is not, whether the tax is heavy upon property, but whether it is heavy on the cost of insurance? In the same manner as Mr. Coode argues that it becomes light upon the owners of house property, in proportion as they leave a large portion uninsured, he endeavours to convince us that it falls lightly upon the consumers of commodities, because the insurance of stock in trade, handicrafts, and manufactures, covers successive portions of stock, and consequently represents values greater in proportion as the stock is frequently changed. Thus, fishmongers, who keep one day's consumption—butchers, two or three days'—bakers, a week's—grocers, three weeks'—wine and spirit merchants, a month's—and the wholesale trader, from a few days' to three months'—would actually pay duty only on proportionate values, varying from 300 times to 4 times the sum insured, or from the fishmongers, paying about the $\frac{1}{20000}$ th part, to the cotton merchants, paying about the $\frac{1}{3000}$ th part of the value in duty. Now it is clear, that all the duty on the intermediate transfers of consumable commodities will have to be paid eventually by the consumer, who, though he may find the increase of price only slightly affected by the duty, may have just cause of complaint that it should be affected at all, when it is an addition laid on by the Government for what he naturally has to pay for the non-destruction by fire of the value of these various articles of provision or use before they reach his hands. The truth is, that Mr. Coode, in this part of his argument, loses sight of the tax as a fire insurance tax, and converts it into an indirect property tax, chargeable upon the owners or consumers of property who have preserved its value from destruction by fire by an insurance against this risk. But why should these prudent possessors of property be the only sufferers by the tax, and the possessors of uninsured property escape? Why should the owners of incombustible or uninsurable property, such as land, the

funds, share property, or cash in hand, be placed out of the chance altogether of having to contribute to a tax, which, it is evidently argued, falls lightly only because it is a small tax on the value of property? It should be remembered too, that the tax so levied falls for the most part on buildings, and on articles of consumption or use from which the profits of trade are created, and which, consequently, are already subject to a direct income or property tax. Although the fire insurance duty, in this point of view, has never participated in the reductions which have been forced upon the Government in the other direct taxes, yet the proceeds amount to the by no means contemptible sum of £1,340,000, and form nearly a fourth part of what the whole income tax amounted to when it was at 7*d.* in the pound.

But reverting to the duty as a tax, which it really professes to be, a tax upon insurance, Mr. Coode contends, instead of being 200 per cent. upon the premium, as unfairly represented in the complaints made against it, that as the premiums vary from 1*s.* 6*d.* per cent. for private houses of the best class to 4*s.* for agricultural stock, 12*s.* for warehouses, 5 guineas for theatres, &c., the average, as deduced from the returns of a large Insurance Company, would be not less than 3*s.* per cent., and the duty consequently varies from 200 to 3 per cent. on the premiums, and is only 100 per cent. on the average Office value of the risk. He considers that, as the duty remains fixed, it presents a happy adjustment of the burden to the means of those who can bear it, being comparatively heavy where the property is most valuable and subjected naturally to the least cost of insurance, and comparatively light as the property is most precarious and subject to the greatest burden in the cost of provision against fire. In this case, the question of the duty being a property tax again comes into view, for it is only by assuming that the property is estimated to be more valuable in proportion to the smallness of the premium, that the argument is of any effect. In any other sense, it would seem strange, that if the premiums of insurance can be taken as the value of the benefit which the insured derives, a tax of 200 per cent. should be laid upon one individual, because he is the owner of a house, and of only 3 per cent. upon another, because he is the owner of a theatre. The premiums, after all, are only the previous savings of a number of individuals to meet a loss by fire when it comes; and, if the premiums received may be assumed to represent the actual loss incurred, the effect of the tax is, that whenever a private house worth £1,000 is destroyed by fire, the owner has to pay £1,000 to reinstate his property, and

£2,000 more to Government for permission to do so; or, since the real value of the risk cannot practically be taken at much more than half the premium, £4,000 to Government for every £1,000 laid out to reconstruct the building. On the other hand, it is true, according to Mr. Coode's arguments, that if he had been the fortunate possessor of a theatre worth £100,000 which had been destroyed by fire, he would only have to pay £3,000 to Government, under similar circumstances, or £6,000 if half the premiums would have met his loss. Is there any tax that can be pointed out more unjust in its principle, or more oppressive in its operation, than this?

Mr. Coode looks upon the objection that these taxes are "taxes on prudence," as merely rhetorical, and contends that it is in the very nature of taxation "to be mainly derived from the exertion of all the moral and physical excellences productive of wealth; for industry, enterprise, fortitude, temperance, prudence, are necessarily the main producers of revenue, both private and public;" that vicious acts do not in general so continuously produce wealth as to allow of any considerable part of any national revenue to be derived from them; and that, in taxing to a considerable extent some stimulants and luxuries, we have probably gone to the full extent that is safe or desirable. No doubt the greater part of the growing wealth of the country, liable or contributing to taxation, must be owing in some degree to the exercise of that provident self-denial that does not spend all that it creates by skill or labour, but lays by something for the future; and if all taxation were to be remitted, except what depended on vice or self-indulgence, a large part of the revenue of the country would have to be sacrificed; but this is overstraining the argument. The insurance duty is a tax upon the preservation from destruction by fire, of property which has been acquired by continued labour and the exercise of all those moral excellences which, it is admitted, are generally needed for the production of wealth—efforts which have been checked and incumbered in their earliest attempts at its creation, and which, in every stage of the progress, had been harassed and pursued by the utmost ingenuity of taxation. When the reward has, after so much toil and so many drawbacks, at last been attained,—when industry, courage, skill, and self-denial have at last succeeded in realizing the hard-earned result, it surely could not be considered unreasonable to expect that the preservation of it might be free to a certain extent from those fiscal burdens from which it has suffered so long, and not be loaded with an extra tax, out of all proportion to those which it has already passed through.

To the objection that the tax, as 200 per cent. upon the ordinary rate of premium, by its oppressiveness, acts virtually to the discouragement of insurance, and that if it were diminished a considerable extension would ensue, producing an equal or increased revenue, Mr. Coode replies by an inquiry into the value of property in England really insurable. It is admitted that, with existing materials, any near approximation to the truth is almost impossible. The large amount of property set down as uninsurable may be correct or not—viz., land and its modifications taken at £50,000,000 a year, at 33 years' purchase = £1,550,000,000; of investments in national and other funds, in roads, railroads, canals, and the like, valued at not less than £1,200,000,000 more; agricultural stock of growing crops, or live stock not in sheds; cash and money in hand or in banks, forming together a very considerable deduction from the amount capable of insurance. Some of these items, however, may be questioned; as a large portion of railway investments, for instance, must consist of business premises, stations, &c., liable to be destroyed by fire; but, in any case, there is reason to believe that he must have considerably underrated what remains.

The principal subjects of fire insurance are stated to be—

1. Houses, warehouses, workshops, and the like erections generally.
2. Household furniture and the ordinary contents.
3. The stock of producers and traders.

In the inquiry as to the value of houses or other buildings, he contends that a large proportion must be indestructible, and therefore uninsurable; and in another very large proportion, especially shops, warehouses, workshops, manufactories, the value depends upon their situation, which is an uninsurable value, and his estimate of the amount to be insured comes out no more than 10 years' purchase of the net rental. Taking the assessment to the property tax of all houses in England and Wales, as returned for the year 1855, he concludes that £436,289,780 is the total insurable value of house property therein; but to make civil impossible, and to allow beyond all reason for exempted property, for unoccupied buildings, and for the under-estimate of some that are occupied by their owners, he allows 15 years' purchase of the rack rental, making a total for the insurable value of house property in England and Wales of £654,000,000.

As to household furniture, utensils, wearing apparel, and such objects as commonly constitute the contents of dwelling-houses, he

considers the value is relatively on the decrease, from the diminished weight, substance, magnificence, and costliness of household furniture, &c.; and after various inquiries, concludes that it would be to adopt quite the extreme value of exceptional classes to take it at five times the rental of houses, or upon the assessment, as before, of 1855, at £220,000,000.

As to the third subdivision, the insurable value of the stock of producers and traders, after allowing that the amount on the whole must be largely increasing, he contends that the insurable value at any one time is, on the contrary, rapidly diminishing by every improvement in the practices of business, and in the accessibility of markets, both for the raw material and the elaborated products,—the value of stock in hand being diminished, but with the diminished stock a greater aggregate trade done.

He assumes that the ordinary consumption by every family of all articles of trade, may be taken at about equal in value to five times their house rent, and that on an average of all these trades, three months' consumption was always on hand. We should then have $\text{£}44,000,000 \times 5 \div 4 = \text{£}55,000,000$, as the insurable value of stock in hand on the home trade, and probably as much again for combustible stock in hand of the foreign trade: total £110,000,000. This rateable value has, however, been already more than covered, by assuming five years' rental of the warehouses or shops in which it is deposited, and he concludes that nothing more is to be added for the insurable property of England and Wales, unless the value of the costly machinery in some of our great manufactories should bring the average above the five years' rental, and unless some further considerable sum should be added for shipping and craft, the risks of which from fire are not covered by their marine insurances. He still leaves the whole insurable property of England and Wales in 1855 at no more than £874,000,000. The amount actually insured, and for which duty was paid in that year, was £785,000,000—or rather, if we remember that Mr. Coode's table of duty is made up to the 5th January in each year, the next lower item of £802,574,000 should be the total compared, and no doubt, if the estimate is true, the limit of fire insurance is very nearly reached; no great increase of fire insurance could be expected; and the argument that the produce of the tax might be increased, or at any rate maintained, at its present amount if the present heavy duty were diminished, would fall to the ground. But the estimate is so contrary to the experience of every one conversant with the business, that we cannot but come to the con-

clusion that some great omission has occurred. It is the opinion of some of the most experienced men in the business of fire insurance, that 15 years' purchase of the rental may be a fair average insurable value of the buildings, but that the contents even of private houses have been repeatedly tried, and cannot be taken on an average at less than cent. per cent. on the value of the buildings; in shops at twice this amount; and in wholesale warehouses, at a moderate estimate, at four or five times the same. In 1806, Sir Frederick Eden entered into a most careful computation, under different heads, of all the insurable property of Great Britain, which he made close upon £602,000,000. Leaving out, however, for the purposes of the present comparison, Scotland and Ireland, agricultural stock, which he puts at £37,500,000, and shipping in British ports at £5,250,000, his estimated values for England and Wales may be thus subdivided :—

	£
Houses, warehouses, &c.	200,000,000
Furniture, clothes, &c.	185,000,000
Manufactures, machinery, &c.	99,000,000
<hr/>	
Total	£484,000,000

an estimate, the relative proportions of which much more nearly accord with the experience of Insurance Companies than that in the report, which only sets the contents of all kinds, domestic furniture, stock in trade, &c., at one-third of the value of the buildings in which they are contained. Assuming that the increasing trade of the country must largely increase the stocks in hand since 1806, it would probably be a very moderate valuation to reckon the contents, instead of one third, at least half as much again as the value of the buildings, and the estimate would then stand—

	£
Value of buildings	654,000,000
Contents of ditto	981,000,000
<hr/>	
Estimate for 1855	1,635,000,000
Insured in 1855	802,574,000

allowing of a considerable margin for the expansion of the business in England and Wales, independent of the considerable increase that might be expected in Scotland and Ireland.

This view of the case is confirmed by the reports of fires in London that occurred in the years 1836 to 1849, when the number of buildings and contents insured and uninsured were compared.

The results will be found in an article on the Fires in London, which I prepared for the *Assurance Magazine* in 1854, vol. i., p. 41.

Proportion per Cent. of Insurances ascertained to have been effected in case of Fire.

	Average of whole Period, 1836 to 1849.	1848 and 1849 only.
Buildings and contents insured	37.58	41.27
Buildings only "	15.24	17.22
Contents only "	14.69	12.54
Neither "	32.49	28.97
	100.00	100.00

As the proportion of insured to uninsured increases throughout all the four periods given in the original table, it will be fair to take the last period only for comparison. Assuming that where £100 is insured on the buildings, there should also be insured £150 on the contents, the table may be read thus:—

	Insured.	Uninsured.
	£	£
Fully assured buildings and contents) (£100 on buildings and £150 on contents)	10,318	..
Buildings only (contents may be insured), £150 for each £100	1,722	2,583
Contents only (buildings may be insured), £100 for each £150	1,254	836
Neither (both may be insured) £100 on buildings and £150 on contents.)	..	7,243
Total	13,294	10,662

so that in London (where it may be reasonably supposed the largest proportion of property has been already insured), where £13,294 is already insured, there would, if all the buildings and contents had been fully insured in the like proportion, be a further increase of £10,662, showing a margin of 80 per cent. still to be brought within the benefits of insurance. It strongly confirms the view previously taken, that there is still ample room for the increase of the business on existing property, independent of the yearly added value in the creation of new insurable property.

I may remark here, in respect to Mr. Coode's opinion, that the substance and costliness of household furniture have much diminished, that it may be true as regards palaces and great mansions; but that it must have come within every one's observation,

that the houses of the middling classes, tradesmen and farmers, are much better furnished than formerly. From the large numbers of houses of this description, it is evident that they would more than compensate for the diminished values in the other class. To contend, as Mr. Coode seems to do, that an average insurable value of £41. 7s. for every inhabitant of this country is the limit of insurance, when we have seen that, as far back as 1847, the insurable value in buildings alone to each inhabitant of Baden and Belgium was £20. 17s., gives us but a poor idea of the increasing industry, energy, skill, and prudence, and their natural concomitant wealth, which we are accustomed to glory in as the distinguishing characteristics of our countrymen.

A glance at the last statistical abstract for the United Kingdom will show the surprising advance which has been in every branch of trade during the last 15 years. The total declared value of British and Irish produce has increased from £47,285,000 in 1842, to £115,891,000 in 1856 (=145 per cent.). The total tonnage of British and foreign vessels, entered and cleared with cargoes only at ports in the United Kingdom, has increased from 7,346,804 tons in 1842, to 17,902,998 tons in 1856 (=nearly 144 per cent.), and the capital in the savings' banks from £25,300,000 in 1842 to nearly £35,000,000 in 1856=38·6 per cent.—all evidences, whilst the estimated population has only increased from 16,124,000 to 19,044,000 (=about 18 per cent.), that the average insurable property of each individual must have increased more in proportion than the population in the same time, and far more than the rate at which fire insurance has increased, which Mr. Coode's table only sets at £600,670,000 in 1842, to £802,574,000 in 1856 (=33·6 per cent.).

Mr. Coode further adduces, what he considers proofs, that the tax cannot be shown to have impeded the operation of those causes which tend to the increase of fire insurance. It is, of course, very difficult to prove at what rate fire insurance would have increased, if it had been freed from the burden of the tax. Some of his reasonings, however, depend on the difference in the date of the Act by which the percentage duty was raised from 1s. 6d. to 2s. in 1797, misquoted as 1787; but in other respects also it seems to me that the reasonings are contrary to the facts actually given. Mr. Coode admits that from 1694 to 1782 the business steadily increased, the annual rate of increase being about $2\frac{2}{9}$ millions; that from 1782, when the first percentage duty was laid on, in addition to heavy stamp duties, the amount insured decreased

about £7,000,000 annually, till 1786. From 1787 to 1797 we must correct Mr. Coode's figures, the percentage duty still remaining at 1s. 6d., and stamp duty on policies as before. The increase in this period was, on the average of the 10 years, about £1,900,000 annually over the average of the preceding five years. In the following 10 years, the duty being increased from 1s. 6d. to 2s. per cent., but the policy stamp duty reduced, from 6s. under £1,000 and 11s. for £1,000 and upwards, to 3s. and 6s. respectively, the increase was £6,400,000 annually. In 1804, the percentage duty was increased from 2s. to 2s. 6d., but the policy stamp reduced from 3s. and 6s. to 1s. From 1804 to 1815, the increase on the preceding average was about £105,000,000, or about £9,500,000 annually; it is only when we arrive at 1815 that we find an increase of percentage duty without a reduction of the stamp on policy; and, by Mr. Coode's own table, the amounts insured in the following three years, viz., 1816, 1817, 1818, were respectively less than in 1815 by about £4,500,000, £7,100,000, and £4,300,000, and the year 1820 only exceeded 1815 by £264,000. It would appear, therefore, that if we take in account the remission of the policy stamps, the increase in each period is not what might have been expected from the growing wealth of the country; that in the early stage of its progress, previous to 1782, when the public had to be taught the benefits of insurance, it is not surprising that the rate of increase was not more rapid than £3,000,000 a year, but that an increase in the business, on an average of the last 40 years, of only $11\frac{3}{4}$ millions per annum, is not in accordance with the progress in the trade and realized property of the country; and that the raising of the duty from 2s. 6d. to 3s., in 1815, evidently checked for some time the increase of fire insurance that was previously going on.

Again, with regard to the exemption of farming stock, Mr. Coode argues that, as from 1834 to 1856 the total amount of farming stock exempt has only risen from $37\frac{1}{4}$ millions in 1834, to $62\frac{1}{4}$ millions in 1856, or a rise in 22 years of $67\frac{1}{2}$ per cent., whilst insured property, all that time subject to the duty, has risen from $483\frac{9}{10}$ millions to $802\frac{1}{2}$ millions, an increase in the same period of $65\frac{5}{8}$ per cent.—insured exempted property has only increased $1\frac{4}{10}$ per cent. more than insured property subject to the duty; and that, consequently, had all other property been exempted also, the only effect would be to raise the amount insured from £802,574,000 to £813,800,000. Of course, if his previous arguments are correct, that we have already reached nearly the full

limits of insurance of duty-paying property, there could be no great increase if the tax were taken off; but we have already seen how unreasonable such a supposition is; and consequently we may safely reply, that whilst agricultural stock rapidly came within the limits of insurance, till perhaps it approaches nearly to the full insurable value, of other property an immense amount would be open to the operations of the Insurance Companies, and would reward the exertions of the Companies with new business, in the same rapid manner as the insurance of agricultural stock increased after the exemption was first accorded. It is remarkable, that whilst Mr. Coode contends that no great increase in the insurance of agricultural stock has followed the abolition of the duty, as compared with other property still subject thereto, he gives a table, which to my mind proves the very reverse, and I consequently insert the comparison.

Increase of Property Insured.

	SUBJECT TO DUTY.	EXEMPT FROM DUTY. FARMING STOCK.	
		Increase per Cent.	Increase per Cent.
Two years, 1835-6	.	4·13	8·78
Five " 1837 to 1841	.	11·04	19·61
Five " 1842 to 1846	.	12·75	15·32
Five " 1847 to 1851	.	7·09	6·29
Five " 1852 to 1856	.	14·60	..
			.05

From this table it is evident that, in the first two years of the remission of the duty, the insurance of farming stock did increase at more than double the rate of other insurances, that in the following five years it increased at the rate of 80 per cent. more, in the next five again at 20 per cent. more, and that it was only when it may be reasonably supposed that the effect of the abolition of the duty had passed away, and when in fact the impulse that had been given to the business had done its work, that the amount remains stationary. Had the same rate of increase gone on in the other classes of insurance, the amount of fire insurance subject to duty would have been—

	£	£
In 1836 . . .	560,490,000	instead of 520,352,000
1841 . . .	663,140,000	" 590,461,000
1846 . . .	726,490,000	" 640,680,000

and there would even then have been a wide field for the operation

of the Companies, and the expansion of the business, very different from the limited one which the insurance of merely agricultural stock presents. But, though useful to prove that the remission of duty will lead to the increase of insurance, there seems no reason why agricultural stock should be exempted, in preference to any other kind of property; and if the rate of duty should be diminished to one half, it would be but just to those who are compelled to pay at all, that it should be replaced on the old footing, and charged equally with other property.

It seems to be inferred by Mr. Coode, that the Offices generally prefer leaving the duty as it is, because it helps to increase the allowance to the agencies, and that the public generally take little interest in the matter. There may be, no doubt, a few Companies which, for various reasons, may be indifferent to a change. It does not accord, however, with sound policy for them to contend for their agencies being supported by a commission from a Government duty, from which they get but a small profit, to the exclusion of their own proper business, which, if the agents exert themselves to procure the same income by commission on premiums, would benefit the Companies and the public as well, since insurance is generally admitted on all hands to be a public benefit. There is no reason to believe that the Companies which support the present high rate of duty, levied to the discouragement of their business and the burden of the public, are either the majority in number or the most influential in position, though one or two may deservedly rank high. On the contrary, so far back as 1836, a letter was addressed to the Chancellor of the Exchequer, signed on behalf of some of the leading Fire Insurance Companies by the secretaries or managers, when the result of the conference with the Minister with the deputation appointed to wait upon him for the purpose of discussing the question relative to the proposed total exemption of "barns, stables, and other outbuildings, *bond fide* used for agricultural purposes," from the 3s. annual duty on fire insurances, became known. In this letter they earnestly press for a more comprehensive and enlarged consideration of the bearing of the fire insurance duty; they point out that the pressure of taxation, though not sufficient to crush the growth of insurances, has long been felt most seriously to depress their natural buoyancy and expansion, that it tends to encourage a person to stand his own insurer for a portion of his property, and that the 3s. duty is heavy enough to act as a bounty to leave it uninsured. The records of fires prove the fact; and it is considered no exaggeration to say that greatly

more than half the property of the country is uninsured. In districts where fires are not very frequent, it is their conviction that the duty has the most powerful and pernicious effect, nearly totally restraining the practice; and, in all cases, the charge of a 3s. duty against a 1s. 6d. premium (the rate charged for full half of all the existing insurances) leads to the closest economy of the sums insured, independent of the cases which it altogether excludes from insurance. A rate of taxation of 200 per cent. (nearly one half of which is a war tax after 20 years' continued peace) presses heavily on the industrious classes, and the smaller class of capitalists and traders, who cannot become their own insurers without a risk ruinous to their fortunes and credit.

The managers of these Offices, however, not relying wholly on these arguments, represent their clear and unshaken conviction, that a large and general reduction of the rate of duty would be far from injurious to the revenue, in any proportion to its nominal sacrifice; and consider that a capital half as large again as that now protected would be ultimately brought to pay to this branch of revenue; and that a duty of 1s. 6d., in lieu of 3s., would not be felt so as to retard the progress of the business. At the same time, they suggest that the total exemption for one sort of property, whilst so heavy a rate of duty is left upon all others, is calculated to create dissatisfaction with the public, and prejudice the chance of a fair consideration of the general question. This document is signed by the managers or secretaries of the Sun, Royal Exchange, Guardian, Globe, Phoenix, Westminster, Imperial, Union, London Assurance, Atlas, County, and Alliance, names well known as the leading Offices in London. It nearly rebuts the assertion that the Offices generally support the continuance of the duty at its present rate.

Nor have the public been idle. In 1854, a petition was presented to the House of Commons, in which, after enumerating the changes in the rate of duty, the petitioners state—"That during nearly 40 years of almost uninterrupted peace, no alteration has been made in the duty of fire insurances (the repeal of that on farming stock only excepted), notwithstanding the Fire Insurance Offices and the public have made repeated efforts to obtain some reduction thereof, by petitions presented to your Honourable House, and by representations to the Chancellor of the Exchequer for the time being. That there is no doubt that the reduction in the ordinary rate of premium in late years would have led to a far greater increase of business, if the onerous tax of 3s. per cent. had

not operated as a check thereto. That a vast portion (it is fully believed three fifths) of the property of the country is unprotected by insurance, partly owing to the high duty. That the unexampled progress of fire insurance in France affords a practical illustration of the facility with which the business is capable of increase when unfettered by taxation ; the sum covered in the year 1852 in Great Britain and Ireland, where fire insurance has been known for rather more than a century and a half, being about 880 millions sterling ; and in France, where it has been in operation for only 35 years, being about 1,415 millions sterling. That reduction in taxes is far from involving a loss of revenue to the extent of such remission.”

And the petitioners pray for the entire abolition of the stamp duty of 1s. on each policy, and for a considerable reduction in the annual duty of 3s. per cent.

This petition was signed by 3,798 persons—merchants, bankers, and inhabitants of London and its vicinity—men whose position in society and large commercial dealings gave them the best opportunities of knowing the practical effect of this tax on the insurance of private property or commercial products.

There can be little doubt of the fact, that the tax is generally felt to be oppressive and in excess; that it discourages to a very serious extent the prudent practice of insurance, and, consequently, leaves a very large amount of property unprotected ; and that the reduction of the duty, even to 1s. 6d. per cent., would in a very short time so augment the proceeds as to show no material difference in the revenue, whilst it would place this country more on a level with the position which it ought to occupy for its wealth and greatness, compared with the other nations of Europe, in which such rapid strides have been made within a few years in the development of the most useful and beneficent system of insurance.
